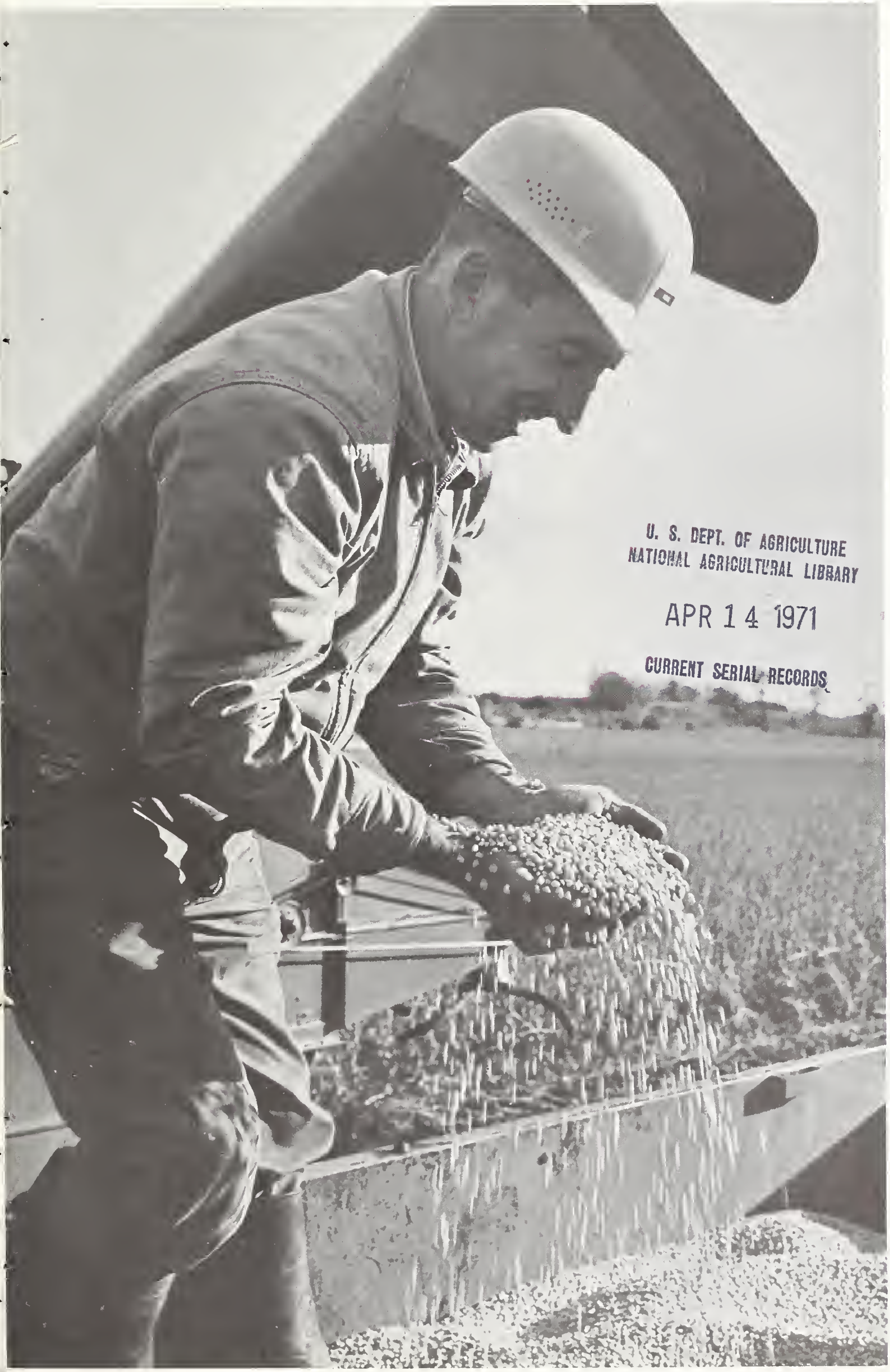
FOREIGN AGRICULTURE



April 5, 1971

U.S. exports rise and global farm trade strengthens

Soviet farm output sets new record

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U.S. soybeans—a leading item in world trade. For a discussion of how the world market in farm products is working see article beginning this page.

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Trade in livestock and wheat is heavy in world market.

World Market in Farm Products Is "Working"—U.S. Exports Rise And Global Farm Trade Strengthens

By CLARENCE D. PALMBY
Assistant Secretary of Agriculture

The United States is setting a number of trade records in this export year. Total farm exports in the year ending June 30 will approach the $7.5 billion level—far above the previous record established in 1966-67. Of this total, commercial sales for dollars will be in the neighborhood of $6.5 billion, setting a record for the second straight year. The United States will also export a record volume of farm products this year.

In the 1970 crop year, almost one cropland acre out of every four produced for the export market. In soybeans, we are exporting well over one-half the 1970 crop—a harvest of 23 million acres. We are exporting well over one-half of our wheat crop, two-thirds of the rice crop, and one-third of the cotton crop.

But there is a more subtle meaning to what is taking place in the world market this year. For some years, many of us have been concerned about the working of the market and the many restraints and impediments that sometimes prevent the market from working as it should.

We have worried about these obstacles in our own marketing system—and in the world. We have been trying to do something about them.

In this country, this has brought a move toward a "freeing up" of our agriculture, to let the market function, to let our farmers produce for markets at home and abroad, to permit production shifts in line with these objectives.

Beyond our own borders, we have been striving to encourage more liberal market-expansive trade policies. This kind of effort—so important to our agriculture—is not easy. The virtues of liberal trade are not universally recognized. There is a long way to go.

The growth in farm exports this year came because the market is working. We have proof what the market can do—despite all obstacles—to move farm products from the people who produce to the people who consume. That is the real underlying meaning of this year's trade figures: The international market is working.

The market is working in soybeans. Much has been said about the growth in soybean acreage and production in the past 15 to 20 years. What is not so fully realized is the extent to which overseas shipments have accounted for this. In the past 15 years, we have increased soybean production by 764 million bushels. Of this, we are exporting over 500 million bushels as beans or meal—almost two-thirds of the increase in use.

We now have 55 percent of the entire world market for oilseeds, cake, and meal. This is a remarkable record, and one that certainly reflects the working of the market. Prices of soybeans are determined by the market. There is no subsidy on soybean exports. And we have duty-free entry for soybeans in major markets.

Our soybeans are moving at an expanding rate into the European Community, where we have duty-free bindings. Our soybeans have good access into Japan, and our exports to that remarkable nation continue to grow. Certain barriers remain, and we are negotiating for their removal.

The market is working in grains. Wheat prices at Rotterdam are the highest they have been in almost a decade. And this is true at a time when our commercial wheat exports are the largest in history. Japan has once again increased its imports of U.S. wheat. Eastern Europe and the European Community are importing more U.S. wheat. Our wheat exports will be at least 125 million bushels above last year.

The feedgrain story is similar. The price of corn at Rotterdam is the highest since 1956-57. Our corn exports are running behind last year's totals; corn blight is of course a factor in both shipments and price. Our exports of barley, oats, and grain sorghums are at a higher level, reflecting a continued growth in demand for feed in Europe, Japan, and many other countries where livestock and poultry economies are developing.

The market is working in livestock. Almost everywhere there is a desire for better living and improved diets as economies expand and purchasing power becomes greater. This is reflected in the continued rise in beef production, in both importing and exporting countries. Yet this increased production has not been a burden to markets, but has been absorbed at rising prices. Prices to cattle producers are up in the United States, and in all the major producing countries.

Another interesting development is the continuing, and apparently expanding import of Western meat and poultry into the Soviet Union—mostly from the Netherlands, France, and West Germany. The Russians have also been in the United States looking into possible purchases of beef breeding stock. So it seems that the market is working—even across the barriers of ideology.

It is apparent that the countries of Eastern Europe are being affected by the growth in economies in that area, as well as the opportunity to produce for export to Western

(Continued on page 16)

American Angus beef cattle meet the Italian public.

Italy's Meat Output Lags Behind Consumer Demand

By R. L. BEUKENKAMP
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Italy, with the least prosperous agriculture of the members of the European Community, has a number of pressing farm problems. But none has more urgency than Italy's meat situation. In 1970 imports of beef, pork, lamb, mutton, and goat meat, or livestock for slaughter cost Italy around US$500 million, or about half the country's negative balance of trade.

Italy's meat shortage has been growing for several years and results from a number of trends. First, as Italy has increased its industrial and economic strength, Italian consumers have accelerated their purchasing power and changed their food tastes. There has been a marked shift from cereals to more expensive foods, such as canned fruits and vegetables and meat.

Next, while Italy's meat consumption rocketed by 900 percent over the last 15 years, production advanced only 230 percent. Slow pickup in output, especially of beef, is tied to high feedgrain prices, high milk prices (most cattle farmers are not tempted to risk the switch from milk to beef operations), growing lack of farm labor, and difficulty in obtaining financing for modernizing or increasing size and efficiency of operations. In addition, consumers continue to prefer veal to adult beef.

Although pork raising has made good progress in recent years in Italy, pork too has a consumer preference disadvantage. Many Italians are convinced that eating pork is hazardous to health even if swine are slaughtered and processed in modern facilities and meat kept under adequate refrigeration.

Could Italy raise a larger proportion of its own meat even though it is likely that the country's per capita consumption will continue to rise? Consumption now is only 46 pounds of beef and veal and about 22 pounds of pork compared to 113 pounds and 65.4 pounds in the United States.

Yes, but it would require some far-reaching changes in the Italian livestock industry—particularly in the production of meat from cattle.

Over 2 million head of cattle were imported in 1970 by Italy. About 1.5 million were calves for production of veal, and about one-half million were feeder cattle for beef. Most of the calves came from other EC countries, and most of the feeder cattle from East European nations. To replace these imports entirely, Italy needs at least 2 million more adult cows giving birth to calves each year.

Theoretically at least, Italy could fairly rapidly increase its breeding herds of cows. But approximately 80 percent of all cattle in Italy are of dairy breeds, and the extra milk production from many extra cows could seriously upset the country's dairy economy.

Italy has a sensitive equilibrium between milk production and the amount of output and export of specialized cheese, which gives it an economic advantage within the dairy structure of the European Community (EC).

Also, the high milk price in Italy, compared with that in other EC countries, 17.7 U.S. cents per quart, would mean a serious financial burden to Italy if milk were overproduced.

In addition, in spite of high milk prices, there are signs of depression in the dairy industry. The type of young dairy animals that sold for about $85 each 3 years ago are now going for only $56 each.

A new direction would be the rapid increase in vertically integrated cow-calf operation that would include han-

ITALY'S IMPORTS OF LIVESTOCK AND MEAT, 1965 THROUGH 1970

Item	1965	1966	1967	1968	1969	1970[1]
Live cattle....numbers	695,892	894,212	1,301,316	1,657,686	1,956,221	2,100,000
Beef and veal, fresh and frozen....metric tons	253,284	279,519	324,152	249,558	266,938	305,000
Live hogs....numbers	41,696	125,052	169,448	56,633	123,000	400,000
Pig meat, fresh and frozen....metric tons	23,012	60,975	85,757	65,000	72,574	95,000
Live sheep and goats....numbers	307,140	486,079	570,230	607,845	1,046,238	1,250.000
Sheep and goat meat....metric tons	2,111	(2)	(2)	960	7,328	—

[1] Estimated. [2] Not available.

dling cattle from birth to finishing into beef and on through slaughter and marketing.

Certain conditions already existing in Italy could encourage the establishment of such operations. For example, there is at present much land left idle by farmers who have taken up urban employment. Also, many farmers are much in need of a more constructive and efficient share in Italy's agricultural production to improve their incomes and standards of living.

In the interim, if the large number of heifers (about 1 million) that are annually slaughtered at 325 to 450 pounds to produce veal were raised to 1,000 pounds, not only would farmers have better returns on slaughter cattle but Italy would produce about 195,000 short tons more of red meat a year.

On the negative side of the outlook for increased beef production in Italy are high feedgrain prices and low beef prices.

Because of raised feedgrain prices, Italy imported 20 percent less feeder cattle in the first 6 months of 1970 than the same period in 1969. It is more difficult to make a profit on finishing feeders from 650 pounds to about 1,000 pounds—the most expensive phase of feeding beef animals—as feedgrain prices go up.

And the Common Market's present proposal to advance beef prices 10 percent each 2 years is not likely to stimulate much advance in beef production in Italy in the face of higher feed prices.

In contrast, the future of the Italian pig industry looks bright. During a period of increasing demand for meat, pork producers have set up fairly efficient operations in a number of situations. Swine numbers had increased to approximately 10 million head by the end of 1970.

The production of pork in Italy has several advantages over beef operations. Pigs reproduce and mature more quickly than cattle, can be raised on limited amounts of land, and are adaptable to a much wider range of farming. At present pigs are raised intensively in Italy on small farms, big farms, and by cheese factories, where they are largely fed on the byproducts of making cheese from milk. Pigs are concentrated in Italy's north central provinces, such as Emilia-Romagna, Lombardy, Tuscany, Umbria, Marches, and Piedmont.

Two moves to help the Italian pork industry are being conducted by the U.S. Feed Grains Council. First, USFGC-sponsored imports of U.S. breeding stock are helping to supply more lean-meat slaughter pigs, for which there is an increasing demand in Italy. Also, much work is being done to educate both consumers and butchers to the possibilities of greater utilization of pork in a country with a general meat shortage.

But in spite of advances in the Italian pig industry, in 1970 imports of live pigs for slaughter were approximately 400,000; and imports of pork were about 95,000 metric tons, or up 31 percent from 1969.

In general, Italy needs to take a fresh and daring look at its agricultural policies with the objective of stimulating the growth of its livestock industry—and particularly its beef industry. The fundamental needs of livestock producers are better financing, lower feedstuff prices, more streamlined marketing arrangements, and, above all, entrepreneurial push and a climate of confidence. Resistance to establishing modern, industrialized livestock operations will come from entrenched social, economic, and political attitudes.

And Italy needs to revamp its livestock industry quickly. Italy's past sources of calves and feeder cattle—other EC countries and Eastern Europe—are slowly but surely drying up owing to increased demand at home. While it is expensive for Italy to import live cattle for feeding, it would be even more expensive to import the equivalent quantity of meat. This is a cost that Italy could ill afford.

Problems Hamper Poultry Industry Development in Meat-Hungry Italy

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A confusing maze of antiquated marketing systems, high feed prices, low farm efficiency, and lack of implementation of Common Market regulations and potential aids have left many of Italy's egg and poultry meat producers in less than advantageous positions. Even the urgent need for more domestically raised meat (Italy imported meat products worth about $500 million in 1970) has not stimulated real poultryman prosperity, though production of poultry meat did increase 350 percent between 1960 and 1970.

Italy's very few large-scale egg and broiler raisers make much better profits than the smallholders who supply the bulk of poultry products.

For example, the average farmer receives 19 U.S. cents to 21 cents per pound for chickens while the consumer pays about triple that price to retailers. The difference is distributed among a long and intricate chain of middlemen and handlers. Farmers on small and medium holdings claim that to meet production costs they need to be paid about 27 cents per pound. High production costs result both from high feed prices and inefficiency.

At the same time the large, automated, vertically integrated poultry

meat units market their products directly and avoid the inefficient intermediaries of distribution and keep most of the retail price for themselves.

The profit structure for eggs is similar. Producers receive around 2.5 U.S. cents per egg, but production costs on the average farm are around 3.4 cents an egg. Only the very large and efficient producers can weather price slumps and reap advantages when prices rise sufficiently to allow a profit.

Another factor playing havoc with the Italian egg market is that the Government has never established an agency to implement EC regulations on egg grading. Consequently, Italian eggs when in oversupply cannot be shipped to neighboring EC countries because they are not graded according to EC stipulations. On the other hand, the more efficient egg-producing countries of the EC—such as the Netherlands—can freely ship eggs to Italy when they have a temporary surplus. These shipments frequently lower prices for domestic Italian eggs. A recent ban on eggs from the Netherlands (because of Newcastle disease among chickens in that country) may provide some temporary respite from competition.

An obstacle to the entire poultry endeavor in Italy is the classification of poultry raising as "industry" rather than "agriculture." Poultrymen are therefore deprived of financial assistance from agricultural funds. For example, when Italy's second Green Plan was in operation (it expired December 31, 1970), funds for modernization and expansion were not available in Italy to poultry farms.

But despite the problems of broiler and egg production and marketing, some other forms of poultry products have made rapid production advances in recent years. In 1970 over 3 million turkeys were produced in Italy; a few years ago production was nil. Also, in the same year, 50 million guinea hens were marketed for a total of 60,000 tons of meat although a few years ago output was small.

And the overall importance of the poultry industry to Italian agriculture is great. About 11 percent of Italy's commercial agricultural production in 1970, or approximately $930 million, was attributable to poultry. In 1970 Italy's poultry product output was more than 600,000 metric tons of meat and 480,000 metric tons of eggs (around 10 billion).

Argentine Grain Output Down

Forecasts of Argentina's 1970-71 food grain and feedgrain production indicate that output—primarily because of drought—of all grains will be below 1969-70 levels, with wheat showing an estimated 40-percent decline. Outputs of corn and grain sorghum are expected to drop some but could still be second largest on record.

Argentine wheat exports from the current year will be negligible except possibly to Brazil, while exports of corn and sorghum could approach the record or near record expected from last year's peak production.

Drought and production. The second official Argentine estimate of the 1970-71 wheat crop just harvested places production at 4.2 million metric tons, some 2.8 million tons below last year's output. Drought at planting time reportedly reduced wheat area to the lowest level since the early 1900's. However, final estimates of actual crop output frequently differ greatly from initial estimates; the first estimate was over a million tons low for the 1969-70 crop and over 2 million tons high for the 1968-69 crop.

Drought also reduced plantings of the current barley, oat, and rye crops. First estimates place production of these crops down 30 percent, 13 percent, and 68 percent, respectively, compared with last year's. Even last year's production levels were below the peak production years of the late 1950's.

Plantings of rice are also down some 28 percent, according to initial Argentine estimates. The sharp decline is attributed to low prices and marketing problems resulting from successive bumper crops in the previous 2 years.

With the drop in barley, oat, and rye plantings, some of the area normally used for these grains was put into corn and sorghum production. Even without the drought, however, there probably would have been increases in corn and sorghum plantings in 1970-71. The trend since the mid-1960's has been toward larger plantings of these two crops. Estimates place area seeded for harvest in 1971 at 7 percent higher for corn and 5 percent for sorghum.

However, early season dry weather and intense heat at time of flowering damaged yield prospects for corn and sorghum to the point where outputs of these crops are expected to be below those resulting from last year's near ideal growing conditions.

Export prospects. Wheat output forecast for 1970-71 is about the same as the quantity needed for domestic consumption. Imports may even be necessary, especially if Argentina exports any bread wheat to Brazil or other traditional markets.

Exports of rye could be negligible, while those of barely and oats could reach the lowest levels in many years.

Exports of corn, sorghum, and rice in 1971-72 will depend largely on results of current crops to be harvested in March-June 1971.

ARGENTINE GRAIN PRODUCTION AND EXPORTS

Grain	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 [1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Production:						
Wheat	6,079	6,247	7,320	5,740	7,020	4,215
Corn	7,040	8,000	6,560	6,860	9,360	(2)
Barley	404	438	588	556	570	400
Oats	480	540	690	490	425	372
Rye	245	270	352	360	377	121
Grain sorghum	2,130	1,380	1,500	2,484	3,820	(2)
Rough rice	165	217	283	345	407	(2)
Exports:						
Wheat	5,539	2,202	2,262	2,409	2,150	(2)
Corn [3]	2,687	4,022	4,128	3,442	3,740	(2)
Barley	116	55	172	208	80	(2)
Oats	119	157	346	156	210	(2)
Rye	12	—	23	13	30	(2)
Grain sorghum [3]	127	1,085	422	811	1,354	(2)
Milled rice [3]	49	35	32	46	63	(2)

[1] Forecast. [2] Expected to drop. [3] Availability mostly from previous crop year's production. Source: Argentine Grain Board and U.S. Agricultural Attaché, Buenos Aires.

Flocks of Soviet sheep are moved to summer pastures.

1969 Setback Erased as Soviet Farm Production Sets New Record

The Soviet Union last year ended another 5-year plan on a positive note, as farm production climbed a reported 5.1 percent above the previous high set in 1968.

Compensating for the poor showing in 1969, when unfavorable weather reduced crop and livestock production, the gain proved a timely addition to the 100th anniversary celebrations of Lenin. Judged in the setting of current needs, however, it was not impressive, and big problems will continue to handicap Soviet agriculture.

According to official Soviet statements, the value of agricultural production last year reached the equivalent of $95.2 billion; besides exceeding the previous record, this was 0.2 percent above the 1970 goal and 8.7 percent above the disappointing 1969 level. While favorable weather was a factor behind the recovery, increased use of fertilizer and other inputs were also important.

Records were achieved for a number of commodities, including cotton, grain, meat, milk, and eggs and strong advances occurred in wool output and livestock numbers. A few crops—like the commercially important sunflowerseed—registered declines.

The agricultural resurgence in 1970 helped the country achieve several targets set in the 1966-70 plan. However, the overall goal of having gross agricultural output average 25 percent more than in the previous plan was not met. This shortfall was attributed partly to smaller deliveries of fertilizer, machinery, and other inputs than had been originally targeted. Production advances for specific commodities during the plan ranged from 10 percent for wool to 37 percent for sugarbeets. Average increases for other commodities included 28 percent for grains, 22 percent for cotton, 26 percent for sunflowerseed, and 25 percent for meat (including poultry).

For 1971, the agricultural production target is set at $98.35 billion—a much less ambitious goal than 1970's. Fulfillment is, nonetheless, by no means assured and will require at least average weather (particularly in terms of precipitation). Moreover, several of the major inputs for 1971 are notably smaller than the average annual increments called for by the new five-year plan for 1971-75.

Grains advance strongly

Although actual output has been shrouded in mysterious silences and conflicting pronouncements, it is evident that the Soviet Union's 1970 grain crop was the largest ever.

The production figure currently being used is 185 million metric tons—154 million in usable grain terms—or 4.4 percent above the old record set in 1966 and 17 percent more than in 1969. Ironically, this bumper crop was harvested from one of the smallest areas in 10 years—an estimated 120.4 million hectares. Average yield made the difference, as it climbed to a record 12.8 quintals per hectare (usable grain basis) from the 10.7 quintals per hectare recorded in 1969.

Reported Government purchases from the crop, at 73 million tons, are less than would be expected for such a large production but still 17 million over 1969's. These are providing an ample exportable surplus and at the same time leaving more grain on the farms for livestock feeding.

Wheat. Gross output last year soared to an estimated 98 million tons from 79.9 million in 1969 (in terms of usable grain, about 80 million tons against 62.3 million). Near record yields of both winter and spring wheats accounted for the gain, while area was less than in the past.

Total state purchases of wheat, estimated at 50-55 million tons compared with 36.1 million in 1969, were exceeded only by the record 56.8 million tons purchased in 1966. They have enabled the Soviets to meet domestic demand and add to stocks.

With these larger wheat stocks on hand, the Soviet Union is expecting a better export year than in 1970. In addition to shipping to grain-deficit areas of Eastern Europe, the Soviets will probably be more aggressive this season in West European markets, particularly Great Britain and West Germany. By the same token, it is in question whether they will be interested in importing more Canadian wheat, except for shipment to the Far East and Cuba.

Rye. Production, estimated at 10.7 million tons, usable basis, rose 800,000 tons from 1969. Increased acreage and yield contributed to the gain.

Feedgrains. While managing an increase, these did not fare as well as wheat last year. Currently, usable pro-

duction of barley, corn, and oats is estimated at 50.7 million tons compared with record 47.4 million in 1969, when these grains replaced extensive areas of killed winter wheat.

Production of the all-important feedgrain, barley, is believed to have totaled around 29.5 million tons, compared with 26.8 million in 1969, with favorable weather boosting yields substantially. The usable corn crop is estimated at 10.7 million tons, up from 9.9 million in 1969. Oats production sank some 200,000 tons to 10.5 million, despite an increase in average yield.

On the trade side, the Soviet Union will probably be able to at least equal the 1970 barley shipments of 748,400 tons. Corn trade, however, will remain in the red if the Soviet Union continues to buy for Cuba. (Most previous imports were simply purchased for Cuba and did not enter the USSR.) Net imports, which more than quadrupled between 1968 and 1969 to around 250,000 tons, will also be affected by the corn-wheat price ratio in world markets.

Livestock production recovers

The traditionally weak livestock sector showed improvement in 1970 and at the beginning of 1971 after having been set back by the severe winter of 1969-70. Gains were not, however, adequate in view of Soviet needs and goals.

Livestock numbers. Last year, every major livestock category in the USSR increased, the largest gain being 20 percent in hog numbers. Sheep and goats grew more than 5 percent in number; cattle, 4 percent to an alltime high; and cows, 1 percent. Estimates of numbers, as of January 1, 1971, are given in the following table:

Item	1968	1969	1970	1971
	Mil. head	*Mil. head*	*Mil. head*	*Mil. head*
Cattle	97.2	95.7	95.2	99.1
Hogs	50.9	49.0	56.1	67.2
Sheep and goats	144.0	146.1	135.8	143.2

Largest increases occurred in the socialized sector, mainly as a result of improved feed supplies and increased purchase prices. Numbers on private holdings continued to be retarded by Government restrictions greatly limiting herd size.

While the 1970 advance was encouraging to the Soviets, the new numbers were less impressive when compared with earlier years. Despite a rise of 18.2 million head during the past 2 years, hog numbers were still 2.8 million off the record January 1, 1963, level. Cattle numbers, although at an alltime high, were only 2 percent more than the January 1, 1967, figure, and the gain in sheep numbers merely brought them closer to normal following their sharp drop during the 1969-70 winter.

Meat. Production, after rising only about 1 percent in 1968 and 1969, was up 4.5 percent in 1970 to 12.3 million tons (including poultry); however, during the first 2 years of the plan period, output had increased at a yearly rate of 7.5 percent.

Wool. Production in 1970 was only back to the 1968 level.

Milk. Despite improved pasturing last year, output was less than 1 percent above 1968's.

The problems that have held back livestock production are longstanding ones difficult of solution.

Feed supplies have been persistently inadequate. Expansion is needed in the supply of protein supplements, mixed feed, and roughage; and breeding stock should be upgraded. Disease continues to cause significant losses, more buildings and equipment are needed, and animal husbandry skills must be improved to a far greater degree.

In the past, low prices paid to farmers for livestock products made this an unprofitable field of endeavor, and although most prices were raised considerably last year, the increases may not yet be enough to bring about the desired results.

Despite these persistent difficulties, the Soviets should be able to narrow the livestock and livestock-product trade deficit—provided there is no sizable buying of foreign breeding stock. Between 1968 and 1969, the trade deficit more than doubled, reaching the equivalent of $86 million. Net imports of red meats will again be quite large but probably smaller than in 1970. A similar situation appears likely for wool, tallow, and lard.

Cotton leads industrial crops

Cotton. Sharpest gainer among the industrial crops last year, this commodity posted a production increase of more than 20 percent to a new record of 6.9 million tons, seed basis. While area sown rose only moderately, yields soared to a record 27.1 quintals per hectare from only 22.5 in 1969.

Dairy herd on collective farm.

Weather during the growing and harvesting season was much more favorable than in 1969, permitting earlier and more timely planting, cultivation, and thinning and resulting in much smaller harvesting losses.

While problems of disease, particularly wilt, and excess soil salinity continued to plague Soviet cotton growers in 1970, they received considerably less play in the press than in the past, and the tone was not as urgent as that prompted by the poor 1969 crop.

Cottonseed. The record cotton crop yielded an estimated 4.5 million tons of

cottonseed (before linter removal) compared with 3.7 million in 1969. This gain will help to offset declines in sunflowerseed and should allow some increase in cottonseed exports, which in the past have gone mainly to Lebanon.

Sunflowerseed. In contrast to most other products, this crop had a disappointing year. Output, estimated at 5.61 million tons, usable weight, was some 240,000 tons below 1969's, for the second straight year of decline. Area shrank some from 1969, as did the average seed and oil yields.

Weather conditions, which had appeared favorable in the fall, apparently took a turn for the worse, in some areas hurting germination, restricting development of the sunflower heads, and delaying harvest.

During the past decade, sunflowerseed and sunflowerseed oil have become increasingly important to the Soviet Union as foreign exchange earners. Shipments of the seed and oil in their peak year, 1968, totaled 361,300 and 713,700 tons, respectively, compared with 83,700 and 221,200 in 1965. Shipments declined in 1969 and are believed to have further declined in 1970. Export prospects for 1971 are still uncertain.

Sugarbeets. Production for factory use last year rose 10 percent above the low 1969 level to 78.3 million tons. While area planted gained only slightly, yields were up sharply, primarily as a result of more timely planting of beets and more soil moisture during spring and early summer. Sugar content of the beets, however, is estimated to have been 0.8 percent lower last year than in 1969.

Production of sugar in 1970 is estimated at around 8.3 million tons, or a million less than in 1969. As a result of the lower sugar production, sugar imports from Cuba last year rose sharply. The reverse situation can be expected this year, primarily because of a major drop in the Cuban sugar crop.

Tobacco. Production increased about 20,000 tons to 220,000, with probably slightly expanded and better results reported from most regions. The Soviet Union is a net importer of tobacco, with about 60 percent of it coming from Bulgaria.

Flax. Gross production of fiber flax was off last year, to around 450,000 tons from 487,000. Acreage continued a downward trend, and yields probably failed to reach the record 1969 level. Soviet exports of flax tow and fiber in 1971 are expected to be off from the 21,700 and 8,300 tons, respectively that were shipped out in 1969.

Unloading grain at Tselinograd.

Other agricultural developments

With the winding up of one 5-year plan, Soviet officials last year were revealing goals for their forthcoming one, now in effect. The new plan (see *Foreign Agriculture* Sept. 7, 1970) lays stress on expanding livestock and meat production, with a 1975 meat production goal of 15.6 million tons—27 percent more than the 1970 record.

Reaching this target is dependent on greatly increasing production of feedgrains, which are also emphasized in the plan, as well as on improving animal husbandry skills, breeding stock disease control, and other aspects of livestock production.

Among the grains, corn production—still relatively minor compared with barley—is to double to 20 million tons by 1975.

In expanding grain and livestock production, the Soviets will be faced with a complex task. Not only must they meet input goals needed to bring about the growth—especially in regard to fertilizer usage—but they may also have to choose between maintaining grain exports and feeding more to livestock. And they can never discount the uncertain weather, which periodically plays havoc with livestock and grains.

Probably the least stress is being placed on sugar production, with the country apparently choosing to continue sizable imports of Cuban sugar as a production supplement.

Aside from the policy changes indicated by the 1971-75 agricultural plans, the Soviet Union in 1970 continued to switch state farms to a financially self-supporting basis. Last year, some 5,300 state farms, or almost 35 percent of their total number, were operating on the new basis. The intention in this change apparently has been to replace direct subsidies with indirect price subsidies, which would allow state farms to make more economic decisions.

Agricultural labor problems were again in the news last year.

One major conclusion of demographic studies covering 1959-69 was that population movement out of the countryside has been the greatest from areas already handicapped by a shortage of agricultural labor. While the cities' yearly net gain of about 1.6 million people was probably not excessive, the geographically uneven rural exodus caused difficulties. Greatest percentage decreases in population were seen in Uzbekistan, 38.1 percent; Azerbaydzhan, 32.1; and Kazakhstan, 24.1.

Other problems revealed were the desire of young people to leave rural areas, despite the improvements of recent years; a lack of consideration for rural workers' safety, with officials putting production ahead of workers' well-being; continued lack of equipments; and marking difficulties. —Based on dispatches from ROGER S. EULER

U.S. Agricultural Attaché, Moscow

Native Kenyan stockmen tend cattle herds. The livestock industry in 1970 was hurt by drought in the northeast and marketing difficulties.

Kenya's Farm Output, Exports Have Good Year

Kenya's agricultural production and exports rose during 1970, spurred by an expanding economy, and should rise again in 1971 if rainfall is normal.

Agricultural production during 1970 rose on the strength of adequate long rains (March-May). Larger output of coffee, tea, sugarcane, and milk, and significantly higher prices for coffee, tea, and pyrethrum caused 1970 gross farm revenue to increase an estimated 9 percent from the previous year's level. This is slightly above the long-term average annual growth rate of 8 percent.

Farm exports from Kenya—a supplier of considerable tea and coffee to the United States—are estimated to have risen 4 percent during 1970. This helped shrink Kenya's chronic annual trade deficit, which was down one-third from the 1969 level. Although sales to East African Community partner states appear to have slumped, this drop was more than offset by larger shipments to overseas markets (mainly the United Kingdom, West Gremany, and the United States in recent years). With higher prices and larger supplies, increased coffee and tea export earnings made up for declines in earnings from corn, meat, and pyrethrum.

Production prospects during 1971 are uncertain, due to failure of the 1970 short rains (October-November) and the uncertain adequacy of the 1971 long rains. But if rainfall is normal, agricultural output can be expected to continue growing faster than Kenya's population. And Kenya's economy as a whole should continue to maintain its impressive growth rate of the 1960's. Even a drought should not unduly impede economic development. Given foreign exchange holdings, coffee stocks, and tourism receipts, food imports could be financed.

Export quotas for coffee and tea are likely to be filled in 1971 regardless of the long rains. Coffee stocks, as of October 1, 1970, were about 2½ times the previous year's level, due to a very heavy long-rains harvest, and it appears that October 1971 stocks will continue to be high. A supplemental tea quota in 1970 prevented a sharp rise in tea stocks.

Although pyrethrum extract stocks in 1970 were nonexistent, pyrethrum exports should rebound by mid-1971 if long rains are adequate.

Kenya's prohibition—since 1969-70—on corn exports continues and is unlikely to end before late 1971 or early 1972. Corn stocks held by the Maize and Produce Marketing Board in January 1971 were 87,000 metric tons, a substantial improvement over those of a year earlier but not as great as expected. August 1971 corn stocks are expected to total 120,000 tons, about double the August 1970 stocks yet only marginally above the Government's strategic reserve level. A long-rains failure could result in an import requirement of approximately 100,000 metric tons.

Shelled corn prices were increased 20 percent as of December 18, 1970, reflecting both the upward movement in world prices and the short domestic supply. An anticipated relaxation of controls over corn marketing did not materialize in 1970, but a complete freeing of marketing within the country is still a possibility, according to the Minister for Agriculture.

A precautionary import of 14,000 tons of yellow corn from the United States in 1970 is believed to have caused that year's slight rise in agricultural imports, which are only 10 percent as large as farm exports. The Government increased duties from 30 percent to 50 percent on food imports during the year.

Government efforts to reduce wheat stocks during 1970 were successful. On December 31, 1970, the Wheat Board held 94,000 tons, or 25 percent less than a year earlier, and stocks are expected to drop to about 60,000 tons by the end of September 1971. As is the case for corn stocks, this is only just above the strategic reserve level.

Wheat interests are pushing hard for an increase in producer prices, arguing that the 24-percent reduction in acreage already achieved is more than enough to bring about a balance between supply and demand and that an increase in the corn price without an increase in the wheat price will result in another substantial reduction in wheat area. The Government, however, announced there will be no change in the producer price for the 1971 planted crop. The Wheat Board has indicated it may be prepared to increase producer payments without Governmental financial backing.

Of importance to Kenya's livestock production in 1970 were the drought and famine afflicting mainly northeastern Kenya. In addition, marketing difficulties were created by foot and mouth quarantines. (Under the Kenya block quarantine system, this does not necessarily imply increased outbreaks of foot and mouth.) An Inter-Ministerial Working Party currently reviewing meat marketing and pricing policies is likely to make recommendations resulting in improved returns to livestock producers in Kenya.

U.S. Meat Imports To Stay at 1970 Level This Year

Calendar 1971 imports of meat subject to the Meat Import Law are estimated at 1,160 million pounds, according to an announcement by Secretary of Agriculture Clifford M. Hardin on March 13. The new estimate is at the same level as that announced last October for calendar 1970.

The estimate for 1971 is based upon a new voluntary restraint program which the Secretary of State is negotiating with the governments of the principal supplying countries. These countries have agreed the restraint program should be continued.

Public Law 88-482, enacted in August 1964, provides that if yearly imports of certain meats—primarily beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke a quota on imports of these meats. The adjusted base quota for 1971 is 1,025 million pounds. The amount of estimated imports which would trigger its imposition is 110 percent of the adjusted base quota or 1,127.5 million pounds.

The President has issued a proclamation pursuant to Section 2(c)(1) of P.L. 88-482 limiting imports of meats subject to the Act. At the same time he suspended that limitation on the basis that this action is required by overriding economic interests of the United States, giving special weight to the importance to the nation of the economic well-being of the domestic livestock industry. This procedure is the same as that followed with Presidential Proclamation 3993 of June 30, 1970.

Secretary Hardin reported that actual imports for consumption of meat subject to the Meat Import Law amounted to 1,153 million pounds during calendar 1970.

Principal suppliers of 1970 U.S. meat imports included (on mil. lb. basis): Australia (555.4), New Zealand (238.0), Mexico (78.4), Canada (77.0), Ireland (67.0), Nicaragua (41.8), Costa Rica (37.5), Guatemala (23.2), Honduras (15.8), Dominican Republic (7.7), Panama (5.1), United Kingdom (4.3), and Haiti (1.3).

MEAT IMPORTS 1967-70 UNDER THE U.S. MEAT IMPORT LAW (P.L. 88-482) BY MONTH

Month	1967	1968	1969[1]	1970[1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
January	77.4	80.7	41.9	124.5
February	58.5	72.6	50.4	100.7
March	61.9	64.1	136.1	112.0
April	58.8	78.3	90.0	88.7
May	51.5	56.1	80.5	62.1
June	69.6	105.1	85.7	93.4
July	88.7	86.4	107.1	110.1
August	92.2	108.6	141.8	112.8
September	89.7	115.5	121.4	107.6
October	91.8	102.1	108.3	89.3
November	82.3	95.8	51.4	79.4
December	72.4	35.6	69.4	89.8
Total	849.9	1,001.0	1,084.1	1,170.4

[1] Rejections which occurred after entry of 13.5 million lb. in 1969 and 17.4 million lb. in 1970. Bureau of Census.

Soviet Union Continues To Take More U.S. Hides

Growing Soviet emphasis on consumer products and short supplies bid fair to maintain U.S. exports of hides to the Soviet Union. In 1969 and 1970 U.S. hide exports to the Soviet Union were over 1 million pieces—a significant rise from the 383,000 pieces exported in 1968.

The United States increased its dominance of world cattle hide production in 1970, while the share of the USSR, second largest producer, declined. This reflects the steady increase in U.S. beef production and the economic difficulties and unfavorable weather that plagued the USSR.

From 1961 to 1965 total U.S. exports averaged some 9,509,000 hides yearly of which the Soviet Union took an average of 745,000 hides. By 1970 U.S. exports had grown to 15,225,000 hides with the Soviet Union importing 1,492,000 hides. Purchases by other Eastern European countries in 1970 brought the total for that area of the world to 3,051,000 hides—20 percent of U.S. exports—making the area the second best customer, after Japan, for U.S. hides.

U.S. tanners report orders of over 1 million feet of leather from the Soviet Union so far in 1971, a significant rise from the 98,000 feet exported in 1970. If the emphasis on consumer goods continues, there will be a demand for more rough hides and finished leather products.

The form of future hide shipments may be changed due to recent developments. It is difficult to secure shipping space for green salted hides because of the nature of the cargo. As a result more hides will have to be shipped in the crusted form—as rough leather ready for finished tanning. Green hides are also being discouraged by several countries, including Japan, because of the pollution which sometimes results when they are stripped of their hair, salt, and moisture prior to tanning.

U.S. HIDES AND SKINS

Country of destination	Average 1961-65	1966	1967	1968	1969	1970[1]
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Japan	3,435	3,994	4,197	5,258	6,006	6,206
Mexico	745	803	1,551	1,844	1,721	2,045
USSR	379	1,230	1,836	383	1,223	1,492
Canada	669	1,720	849	1,051	1,013	762
Germany, West	879	775	575	792	760	714
Netherlands	1,187	1,150	323	598	538	332
Italy	279	710	56	199	432	336
Romania	48	474	145	77	379	449
United Kingdom	211	504	99	285	329	166
Czechoslovakia	71	257	191	297	312	499
Poland	78	349	218	238	274	152
Yugoslavia	107	269	312	147	272	459
France	84	234	207	303	263	287
Spain	173	369	271	323	262	260
Korea, Republic of	71	142	170	332	257	272
China, Taiwan	41	28	72	105	125	188
Israel	94	86	98	115	127	109
Turkey	298	441	375	110	124	113
Philippines, Republic of	29	57	84	88	64	63
Others	631	597	223	334	300	321
Total	9,509	14,189	11,852	12,879	14,781	15,225

[1] Preliminary.

Canada Encourages Barley Deliveries To Seize Export Sales Opportunities

The Canadian Wheat Board has recently taken several steps to encourage farmers to increase barley deliveries to Prairie grain elevators.

Effective February 22, the delivery quota for barley was extended to an additional 17 shipping blocks and increased from 20 to 30 bushels per acre. The Canadian Wheat Board believes that an immediate increase in barley deliveries by Prairie producers would enable the Board to take advantage of additional export sales opportunities for May, June, and July delivery.

In a second move, Otto Lang, Minister responsible for the Canadian Wheat Board, announced a 10-cent-per-bushel increase in the initial price for barley delivered during the current crop year (Aug. 1-July 31). The new price, which went into effect March 1, is Can$101 (Can$1=US$0.993) per bushel, basis No. 3, Canada Western 6 Row barley in store at Thunder Bay, Ontario. An adjustment payment of 10 cents per bushel will be made on barley delivered during the period August 1, 1970 to February 28, 1971.

A recent survey conducted by the Wheat Board indicates that Prairie farmers are currently holding as much as 50 million bushels of barley over and above the quantities needed to meet all of Canada's domestic and export needs until the new crop is harvested. The Board points out that country elevators in most Prairie areas now have ample space to enable producers to step up barley deliveries.

Canadian barley exports have been at record levels in recent months. During the 6-month period, July-December 1970, Canada exported 2.24 million metric tons of barley—a substantial increase from the 774,000 tons shipped during January-June 1970 and 431,000 tons in July-December 1969.

The large shipments resulted mainly from heavy forward sales made last June when the international market for feed barley was in the doldrums. Canada was then burdened with a heavy carryover from big crops in the 2 previous years and was facing a record 1970 harvest. In late July the Canadians announced that, on the basis of advance sales during the August 1970-July 1971 marketing year, they expected to exceed the previous 2.7-million-ton barley export record.

Then, in a matter of days, reports of smaller feedgrain crops in the United States sent prices of barley and other feedgrains up sharply. With big sales already completed, and a subsequent increase in demand, it now appears that Canada's barley exports may reach a total of 3.8 million tons in the current August 1970-July 1971 year.

Principal buyers of Canadian barley in the latter half of 1970 were West Germany and Italy, which took 485,000 and 432,000 tons, respectively. Neither country purchased barley from Canada in the same period a year earlier. The United Kingdom took 432,000 tons, up from 180,000 in July-December 1969, and Japan 384,000 tons, up from 93,000 tons. The United States took 130,000 tons, compared with 104,000 in the earlier period.

New Grain Policies Set for Canada

The Canadian Wheat Board announced on February 25, 1971, its grain-delivery quota policies for the 1971-72 crop year. The modifications anounced are not expected to greatly change the general framework of quota policies currently in effect.

In making its announcement, the Wheat Board said it "will continue to authorize quotas for specific grains and, if necessary, grades of grains. A producer will again be able to select one alternate delivery point and quotas will again be based on the acreage assigned by producers to the delivery of particular grains."

The Wheat Board also intends to implement in 1971-72 a system of "noncumulative" quotas for wheat, barley, and oats. Noncumulative quotas, a technique recommended by the Wheat Board's Special Quota Committee, are designed to encourage producers to make deliveries of grain on a regular basis and to provide quantities needed to meet sales commitments at specific times throughout the crop year.

The Wheat Board's quota policies during the 1971-72 crop year contain new provisions for the delivery of grains to specialty markets—of selected barley and oats, of rye to local distilleries, and of flaxseed and rapeseed to crushing plants. The new provisions are designed to eleminate some of the inequities that exist under current policies. No longer will producers for specialty markets receive special privileges.

Under the provisions that will be in effect in the 1971-72 crop year, producers wishing to take advantage of the speciality markets will be required to make separate acreage assignments to the delivery of these grains.

Producers who have assigned acreage to grow grain for a specialty market will not lose their quota base if they are unable to take advantage of the delivery opportunity. Any land assigned to the delivery of selected barley and oats, rye for distilleries, or rapeseed and flaxseed for crushing, can be used for the delivery of these grains to a country elevator under regular quotas. But any assigned acreage that has been used for this purpose can no longer be used as a basis for the delivery of grain to a specialty market.

In a separate action on March 1, the Honorable Otto E. Lang, the minister responsible for the Canadian Wheat Board, announced in the House of Commons the initial payments to be made by the Wheat Board for purchases of wheat, barley, and oats in the crop year beginning August 1, 1971.

This is the first time the Canadian Government has announced initial payments in advance of spring seeding and implements one of the proposals made by Mr. Lang last fall. (See *Foreign Agriculture,* December 14, 1970.)

The initial payment for No. 1 Canada Western Red Spring wheat will be Can$1.46 per bushel, for No. 3 Canada Western 6 Row barley, Can.$.91 per bushel, and for No. 2 Canada Western oats, Can$.60 per bushel.

The minimum quantities that the Wheat Board will accept in the crop year: 388 million bushels of wheat, 230 million bushels of barley, and 45 million bushels of oats. Producers are assured that "should sales be such that increased deliveries would not increase yearend commercial stocks beyond desirable levels, quotas would be increased to permit additional deliveries."

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Mar. 31	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.99	−1	1.99
USSR SKS-14	1.98	−1	(1)
Australian FAQ	1.86	−3	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.99	0	1.84
15 percent	2.02	−2	1.95
U.S. No. 2 Hard Winter:			
13.5 percent	2.00	+2	1.77
USSR-441 Yellow Winter	1.93	0	(1)
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.84	−2	1.67
Feedgrains:			
U.S. No. 3 Yellow corn	1.71	−4	1.54
Argentine Plate corn	1.73	−3	1.52
U.S. No. 2 sorghum	1.50	0	(1)
Argentine-Granifero sorghum	1.49	−1	1.32
U.S. No. 3 Feed barley	1.43	+1	1.11
Soybeans:			
U.S. No. 2 Yellow	3.36	+2	3.04
EC import levies:			
Wheat	1.47	0	1.67
Corn [2]	.83	+1	1.03
Sorghum [2]	.96	+4	1.09

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

Fats, Oils, and Oilseeds

U.S. Oilcakes and Meals, January Exports

U.S. soybean meal exports totaled 438,700 tons in January —up 17 percent, or 64,000 tons, from the 374,700 tons exported in January 1970. October-January exports reached 1.51 million tons, a gain of 4 percent from the 1.44 million tons exported in October-January last year. The 1.05 million tons exported to the European Community represented 70 percent of the total and an increase of 12,100 tons from last year's 4-month total. Larger quantities were also taken by Yugoslavia, Czechoslovakia, Bulgaria, the Philippines, and South Korea.

Total cake and meal exports, at 1.58 million tons, increased 75,200 tons from exports from October through January 1970. The total reflected mainly the increased exports of soybean meal and larger exports of other cakes and meals.

U.S. EXPORTS OF CAKES AND MEALS

Item and country of destination	January 1970 [1]	January 1971 [1]	Oct.-Jan. 1969-70 [1]	Oct.-Jan. 1970-71 [1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Soybean:				
Belgium-Luxembourg	9.5	51.5	79.4	122.4
France	58.1	69.3	233.5	247.0
Germany, West	91.6	81.4	391.7	373.1
Italy	36.1	33.2	119.5	126.9
Netherlands	39.7	66.6	218.2	185.1
Total EC [2]	235.1	302.0	1,042.4	1,054.5
Canada	24.0	18.5	90.7	84.1
Yugoslavia	11.0	0	45.0	63.9
Czechoslovakia	0	16.0	0	28.7
Poland	0	0	27.8	26.0
Hungary	28.4	(3)	43.3	25.2
United Kingdom	11.8	18.4	15.8	23.5
Bulgaria	0	0	0	22.0
Switzerland	11.1	3.2	24.6	21.4
Denmark	7.4	13.9	20.6	21.1
Philippines	1.1	9.8	15.6	20.0
Ireland	10.9	1.2	17.6	14.2
Australia	3.5	1.3	12.7	10.3
Korea, Republic of	.1	4.4	1.8	10.3
Portugal	0	0	2.7	7.0
Trinidad-Tobago	.5	1.3	2.4	6.4
Others	29.8	48.7	80.7	68.4
Total [2]	374.7	438.7	1,443.7	1,507.0
Cottonseed	.9	2.2	2.5	3.1
Linseed	1.2	0	46.0	36.1
Total cakes and meals [4]	379.0	453.4	1,504.5	1,579.7

[1] Preliminary. [2] Totals computed from unrounded data. [3] Less than 50 short tons. [4] Includes peanut and small quantities of other cake and meal. Bureau of the Census.

U.S. Edible Oils, January Exports

Exports of soybean oil in January totaled 134.3 million pounds, 82 percent more than the 73.8 million exported in January 1970. October-January exports reached 495.8 million pounds, exceeding last year's total for the comparable period by 143.7 million pounds. An estimated 214 million pounds were shipped under Public Law 480 programs, including oil for donations and emergency relief, during the 4 months compared with 253 million pounds exported through January 1970. Commercial sales for the same period increased from 99 million pounds last year to 282 million this year.

Cottonseed oil exports, in January, at 43.5 million pounds,

declined 9.7 million from the 53.2 million pounds exported in January 1970. October-January exports totaled only 111.9 million pounds compared with 200.4 million in the same months a year earlier. All but an estimated 10 million pounds exported during the 4 months were commercial sales. The 8.8 million pounds exported to Morocco in October-January represent the first shipment of cottonseed oil under Title I of Public Law 480 since June 1966. Over a million pounds of cottonseed oil have been shipped as donations so far this marketing year.

U.S. EXPORTS OF EDIBLE OILS

Item and country of destination	January 1970 [1]	January 1971 [1]	Oct.-Jan. 1969-70 [1]	Oct.-Jan. 1970-71 [1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Soybean: [2]				
Yugoslavia	0	18.3	([3])	119.8
Pakistan	23.1	22.6	129.7	87.8
Morocco	.9	15.2	3.1	34.5
Chile	.6	12.2	14.0	31.6
India	4.5	10.3	19.9	30.1
Peru	1.6	.3	13.7	25.3
Tunisia	3.0	13.2	46.8	19.3
Israel	0	.2	16.4	18.1
Iran	17.2	4.9	19.1	17.9
Canada	3.0	3.7	10.1	14.5
Panama	([3])	5.4	1.4	9.3
Colombia	1.9	3.6	7.6	8.5
Haiti	1.7	1.6	5.9	8.2
Vietnam, South	.2	.1	4.5	7.2
Australia	.3	0	1.8	6.0
United Kingdom	1.2	0	5.3	4.7
China, Taiwan	0	0	0	4.4
Ecuador	1.6	.9	4.9	3.9
Guinea	0	0	0	3.2
Others	13.0	21.8	47.9	41.5
Total [4]	73.8	134.3	352.1	495.8
Cottonseed: [2]				
Belgium-Luxembourg	0	0	0	([3])
France	0	0	([3])	([3])
Germany, West	0	5.7	2.7	15.1
Italy	0	([3])	([3])	([3])
Netherlands	2.3	0	13.1	1.1
Total EC [4]	2.3	5.7	15.8	16.2
Venezuela	6.6	8.9	31.3	17.4
Poland	0	7.9	0	17.3
U.A.R.	5.2	5.7	27.2	14.8
Canada	2.5	2.0	9.4	11.5
Untied Kingdom	17.7	1.2	31.4	10.0
Morocco	5.5	8.8	5.5	8.8
Mexico	5.5	0	8.3	6.9
Sweden	0	2.6	5.5	4.7
Iran	2.7	0	37.7	1.7
Japan	0	0	1.9	1.1
Others	5.2	.7	26.4	1.5
Total [4]	53.2	43.5	200.4	111.9
Total oils	127.0	177.8	552.5	607.7

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 lb. [4] Totals computed from unrounded data. Bureau of the Census.

U.S. Soybeans, January Exports

U.S. exports of soybeans in January totaled 35.1 million bushels, an increase of 22 percent from the 28.7 million bushels exported in January 1970. September-January exports reached 200.9 million bushels—up 7 percent, or 12.7 million bushels, from exports in the same months a year ago. The major portion of the increase was taken by the European Community, Japan, Spain, Denmark, and the Republic of China.

U.S. EXPORTS OF SOYBEANS

Country of destination	January 1970 [1]	January 1971 [1]	Sept.-Jan. 1969-70 [1]	Sept.-Jan. 1970-71 [1]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
Belgium-Luxembourg	1.8	2.0	10.5	7.6
France	1.1	.8	1.2	5.0
Germany West	3.6	4.1	17.1	23.0
Italy	2.3	3.3	14.4	12.2
Netherlands	4.2	4.5	27.0	26.4
Total EC [2]	13.0	14.7	70.2	74.3
Japan	5.6	8.4	39.9	50.0
Canada	.1	.1	27.2	23.2
Spain	3.6	3.4	13.7	15.6
Denmark	1.5	2.1	8.8	9.9
China, Taiwan	1.1	1.3	8.6	9.2
United Kingdom	.4	.7	4.8	3.3
Israel	.4	0	5.4	3.0
Norway	.5	.5	2.5	3.1
Poland	.6	.6	3.1	1.7
Others	1.9	3.3	4.0	7.6
Total [2]	28.7	35.1	188.2	200.9
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Oil equivalent	314.8	385.3	2,065.9	2,205.4
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Meal equivalent	675.8	827.0	4.434.7	4,734.1

[1] Preliminary. [2] Totals computed from unrounded data. Bureau of the Census.

Dairy and Poultry

Denmark's 1971 Poultry Outlook Not Good

Although the outlook for Danish poultry has improved since the beginning of 1971 owing to large sales to the USSR and Egypt during the first quarter, exports for the year as a whole could be less favorable. Total poultry meat production in 1971 is forecast at 71,000 metric tons (ready-to-cook weight), down slightly from the 1970 level. Turkey producers have been warned to cut production in 1971, as market prospects are not encouraging.

Total production of poultry meat in 1970 is estimated at 73,000 tons, an increase of about 14 percent over the 1969 level. Consumption of poultry meat on the home market reportedly increased by a substantial 40 percent (or about 3.5 lb. per capita) over the previous year's level as a result of the reduced home market fee, or consumer tax, and increased sales promotion. Total per capita consumption of poultry meat is estimated at 12.2 pounds.

Exports of poultry meat in 1970 increased by an estimated 5 percent to 50,000 tons, with a considerable share going to untraditional markets such as the USSR, Czechoslovakia, Poland, and Egypt. Exports to the Middle East showed a small increase, whereas exports to Japan dropped to about a fifth of the 1969 level, due mainly to increasing domestic

poultry meat production in that country.

Danish egg production is expected to be 80,000 tons in 1971, about 5,000 tons less than last year's. Because of a fall-off in production in the EC, due partly to Newcastle disease in the Netherlands, somewhat better export conditions for Danish eggs are expected this spring. However, the long-run outlook for Danish poultry is reported to be rather bleak.

The export market for eggs in 1970 was not favorable, and producer prices were often well below production costs. Danish egg exports declined by 20 percent to 19,200 tons from the 1969 level. Denmark saw its traditional markets in Switzerland and sales to foreign troops in West Germany partly taken over by West Germany. Some breaking-quality eggs were shipped to the United States for the first time in several years. However, because of egg import restrictions by the United Kingdom, large quantities went to domestic egg processors and sizable stocks of egg products were built up. Slaughtering of hens was promoted as a partial solution to excess supplies.

Sugar and Tropical Products

Guadeloupe Plans Sugar Development

One objective of the Government of Guadeloupe's 5-year Agricultural Development Plan (1970-1975) is modernization of the sugar industry. Mechanization of field operations, especially harvesting, is being given high priority. In 1970 only 8 percent of the sugarcane crop was harvested by five mechanical harvesters. Under the Plan, new cane varieties are to be introduced, and the cane transport system and sugar factories are to be improved.

Sugar production during calendar 1970 totaled 159,825 metric tons, a 7.4-percent increase over the 1969 level. The increase was due to a rise in acreage harvested and favorable weather. Production for 1971 is expected to amount to 170,000 tons. It would be larger if it weren't for dry weather during the latter part of 1970 and unseasonable rains early in the harvest season.

The market for Guadeloupe's sugar is governed by the European Economic Community, which grants Guadeloupe a quota of 177,000 tons a year. Guadeloupe also has a U.S. quota.

Fruits, Nuts, and Vegetables

Argentina Increases Canned Fruit Pack

Larger 1971 crops of peaches, apricots, and cherries lifted the Argentine canned deciduous fruit pack to 1,552,000 cases (each holding 24 cans, size 2½), 16 percent above the 1970 level, but below the 1965-69 annual average.

Favorable weather was prevalent in most producing areas during both blossoming and harvesting periods. A January windstorm caused some pear droppage, which was salvaged for cannery use.

All canned fruit packs were higher. Canned peach production totaled 1,312,000 cases, 16 percent above the 1969 level. Production of fruit salad and cocktail is estimated at 142,000 cases.

Exports of canned peaches are expected to be higher during the 1971 season. Peach exports are forecast at 338,000 cases, 17 percent above the 1970 level. Venezuela, Peru, Brazil, and West Germany were the major export markets during the 1970 season.

ARGENTINE CANNED DECIDUOUS FRUIT PRODUCTION

Item	1968	1969	1970	1971 [1]
	1,000 cases [2]	*1,000 cases* [2]	*1,000 cases* [2]	*1,000 cases* [2]
Peaches	2,205	1,225	1,127	1,312
Fruit salad and cocktail	245	98	127	142
Pears	98	49	44	49
Apricots	24	24	27	29
Cherries	17	15	17	20
Total	2,589	1,411	1,342	1,552

[1] Preliminary. [2] Case holds 24 cans, size 2½.

Drop Likely in Mexican Strawberry Output

Mexican strawberry production in the States of Guanajuato and Michoacan is expected to be reduced sharply from last season and from earlier forecasts. The expected frozen pack will be an estimated 80 million pounds, compared with last season's 137 million pounds.

Planted area for 1970-71 was increased from 6,500 hectares (about 16,000 acres) to 7,100 hectares (about 17,500 acres). However, yields have been reduced by severe freezes in Guanajuato and by diseases and insects in Michoacan. The Guanajuato freezes in November and February have cut yields by 37 percent from last year. Michoacan's yields are down 15 percent.

No significant changes in marketing patterns are expected, although there has been some experimentation with air-shipped exports to Europe. About 60 percent of the Mexican crop is processed, 30 percent is exported fresh, and 10 percent goes into domestic consumption.

According to industry estimates, carryover on January 1 was about 35 million pounds. There are 25 million in bonded storage in the United States and about 10 million in freezers in Mexico.

Crops and Markets Index

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

United States Department of Agriculture
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World Market in Farm Products

(Continued from page 3)

Europe. Some of those countries have a natural advantage in livestock production, and they are looking for reasonably priced inputs from outside Eastern Europe. Increasingly, they have looked to the United States.

Eastern Europe seems to be a growing market for U.S. feed ingredients as well as grains and other feedstuffs. The outstanding example is soybean meal. Exports of U.S. soymean meal to Eastern Europe have climbed from less than $1 million in 1960 to more than $50 million in 1970. The total value of our soybean and soybean product exports to that area exceeded $80 million.

Grain exports to Eastern Europe have been held down by the rise in production there during the late 1960's. In 1969, we exported $30 million worth of grains to that area, and this was virtually all feedgrains. However, a poor grain crop in Eastern Europe in 1970 is resulting in a sharp increase in our grain sales during the current marketing year. And these sales have included wheat as well as feedgrains.

The natural advantages that Eastern Europe has as a livestock producer, coupled with a rising consumption of livestock and poultry products in Western Europe, lead to an increasing trade in these commodities between East and West Europe. Yugoslavia, for example, last year negotiated a preferential arrangement for marketing its baby beef in the EC.

We disapprove of this arrangement, as we object to other preferential arrangements. The Yugoslavs assure us that they see the baby beef preference as a special situation, one that does not imply anything broader. Nevertheless, if East-West trade in Europe continues to increase, there is reason to believe that the countries of Eastern Europe will be striving hard to supply more high-quality beef and perhaps other meats to Western Europe.

Those countries need to earn foreign exchange, and one way to do this is to export livestock products into Western Europe. If this trade expands as now appears likely, it will be interesting to see what impact this will have on Eastern Europe as a market for feedstuffs. It will be interesting to observe what pressures are exerted on the EC's Common Agricultural Policy. What will be the impact of livestock and poultry imports based on lower cost production just outside the EC borders?

Within Eastern Europe too, higher incomes have led to pressure for increased consumption of meat. Recent events in Poland have demonstrated the importance of these consumer pressures.

American producers of grains and other feedstuffs should increasingly think of themselves as part of a world economy—where the market works to favor the efficient producer and reward the holder of comparative economic advantage. There are things that both industry and the Government can do to help the system work.

For one thing, we must be alert in defense of our agriculture's trading rights. We have been concerned about the growth of restrictionist thinking in many countries in recent years. We have been particularly uneasy about the growth of trade-restrictive policies within the European Community—and concerned that these policies might be extended at such time as the Community may be enlarged.

This concern was behind the negotiation we completed with the British several weeks ago, with respect to our grain trade with that country. Our exports of grain to the United Kingdom have generally amounted to $150 million to $200 million a year and we want to preserve this trade.

We have made it plain both to the United Kingdom and the Community that we are determined to use all appropriate means to safeguard our trade rights and interests in grains, soybeans, and other agricultural commodities. With this in mind, we intend to exercise fully our rights under the General Agreement on Tariffs and Trade (GATT), including retaliatory trade measures should that be necessary. This applies both during and after the period of U.K. negotiation with the Community, whether or not the United Kingdom becomes a member of the Community.

Our agreement with the British preserves our GATT rights for full use later. By maintaining these rights, and avoiding their dissipation in a general negotiation, we keep ourselves in a position to use them to their utmost on behalf of our farm products at a time and place of our choosing.